

Lake County Property Taxes

Rep. John Aguilera



INSIDE: Rep. Aguilera tells the real story about the Court-Ordered Reassessment

A historical timeline on the property tax reassessment situation

Efforts to provide property tax relief

An inside look at HB 1868

Where do your property taxes go?

Keep in touch with Rep. Aguilera

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Court-Mandated Reassessment Timeline

1993

The Town of St. John files a lawsuit challenging the constitutionality of Indiana's real property taxation system.

June 1996

Indiana Tax Court holds that Indiana's "true tax value" system of property taxation is unconstitutional and should be based solely on fair market value.

*December
1996*

Indiana Supreme Court disagrees with the Tax Court's ruling that the constitution requires a system of real property taxation based solely on fair market value. Supreme Court reverses the Tax Court's ruling and returns the case to the Tax Court to determine if the "true tax value" system used in the 1989 reassessment was uniform and equal.

*December
1997*

The Tax Court holds that state law and the Department of Local Government Finance (DLGF) regulations violate the Indiana Constitution because they do not provide a system of real property assessment and taxation based upon real world, objective measure of wealth. The Tax Court orders DLGF to adopt and implement new regulations.

March 1998

The Tax Court orders DLGF to consider all competent evidence of property wealth in appeals filed with county review boards.

*December
1998*

The Indiana Supreme Court disagrees with the Tax Court's ruling that state law is unconstitutional. The Indiana Supreme Court explicitly states that the law in question is constitutional, but the Court agrees with the Tax Court that the existing regulations, as drafted by DLGF, were unconstitutional because they lacked meaningful reference to property wealth and resulted in significant deviations from substantial uniformity and equality.

May 2000

The Tax Court orders DLGF to adopt new, constitutional assessment regulations. The Tax Court requires that all assessments of real property utilize the constitutional requirements as of March 1, 2002.

May 2001

DLGF drafts new regulations as ordered by the Tax Court. It was projected by a Purdue University Economist that the new regulations, once in effect, would increase property taxes for homeowners by an average of 33%. This increase does not reflect increases in local government spending of more than 13%.

June 2002

The Indiana General Assembly convenes a Special Session to mitigate the projected increases in property taxes as a result of the new regulations drafted by DLGF. HB 1001(ss) provided \$800M in property tax relief, which translated to a 44% cut in residential property taxes. I have detailed that relief in the article to the right.

2003

Several counties mail property tax bills that escalated far beyond projections and eroded the \$800M in property tax cuts included in HB 1001(ss). Local property taxes increase by more than 13% statewide.

*November
2003*

The General Assembly started the 2004 regular session early to identify ways to mitigate the increased local property tax burden on taxpayers. I have detailed the results of that effort in the article to the right.

March 2004

The General Assembly passes into law SEA 296 which increases property tax deductions for seniors on lower incomes, World War I veterans, the blind and disabled as well as those that are rehabilitating their homes.

All property taxes are assessed, raised and spent locally, not by the state.

Property Tax Relief Measures 2002 - 2004

June, 2002: Special Session

HB 1001(ss) provides **\$800M in property tax relief**, which translates to a 44% cut in residential property taxes.

- * Increases standard homestead deduction from \$6,000 to \$35,000.
- * Eliminates 60% of the School General Fund Levy through state-paid Property Tax Replacement Credit.

- * The homestead credit, though modified, was doubled to 20%.

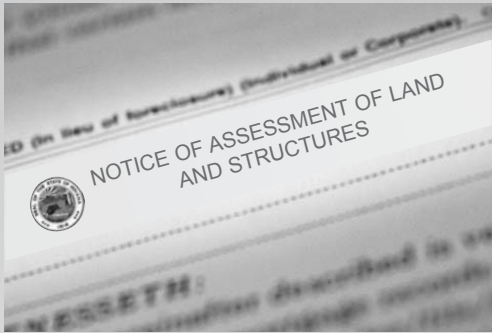
November, 2003: 2004 Mini-Session

SB 1 reduces local property tax increases by **\$490 million** by imposing tighter caps on local government spending.

- * Extends the homestead credit filing deadline.
- * Allows counties to offer an installment payment plan.
- * Allows 45 days to appeal after receipt of notice of assessment.
- * Simplifies appeals process by eliminating the need for Form 130.

March, 2004: Regular Session

The General Assembly passes **SB 296** which **increases property tax deductions by 108%** for seniors on lower incomes, World War I veterans, the blind and disabled as well as those that are rehabilitating their homes.



The effects of House Bill 1858

In the 2003 session, the legislature passed House Enrolled Act 1858 to help our struggling large manufacturers in Northwest Indiana. That legislation placed those industries - integrated steel manufacturers and petrochemical companies - in a special taxing bracket called Pool 5. **Due to House ethics guidelines, I did not vote on this legislation due to a potential conflict of interest with my full-time employment position.**

At the time, the steel industry was working to keep tariffs on foreign steel in place in order to level the playing field. The Pool 5 designation would help these industries not only compete but expand as well in the future.

I authored two amendments this year to address some on-going concerns about this status and its impact on jobs. I believe

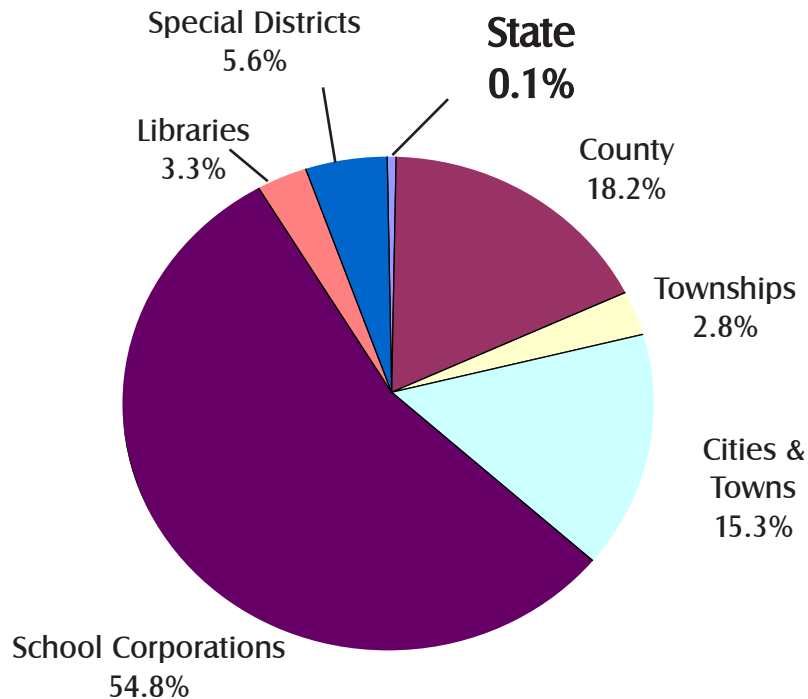
a company that benefits from this taxing bracket should make a similar commitment to the community and workers by not shifting jobs overseas. My amendments would have penalized a company who sends permanent jobs related to running the plant to other countries by revoking its Pool 5 status.

I believe we have to support industry in our area by offering competitive tax situations, but I also believe that those industries must make a commitment to the workers of Northwest Indiana.

It's important to note that this legislation did not take effect until January 2003 and had absolutely no effect on the 2002 property tax assessments you received recently. I will continue to monitor this situation and act appropriately in the best interests of taxpayers and job creation in Northwest Indiana.

Property Tax Reassessment

Property Tax Revenue Distribution Pay 2002



The chart above represents the distribution of property tax revenue for the pay 2002 cycle.

The actual percentages will vary slightly from county to county, but these numbers generally represent how much each entity receives, on average, statewide.

Property Tax Quick Facts

- ★ The state receives less than .1% of the revenue generated from property taxes.
- ★ Almost a third of the state budget- \$3.7 billion for FY 2004- is dedicated to property tax relief.
- ★ In addition, \$.03 of every \$.06 in sales tax revenue pays for property tax relief- \$3 billion in FY 2004.

Why do property taxes increase?

- ★ Local government entities increase their levies (the amount they collect from their property tax district)
- ★ Property tax burdens shift for many reasons, such as significant businesses closing, which leaves a greater percentage of the property tax burden to be shared by other property owners.



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